

# EDITORIALS

From the Chairman

## YOU GET OUT WHAT YOU PUT IN

**IT'S A TRUISM** that the more you put into an activity, the more you are rewarded. That might not always be true with, say, the stock market, at least these days. But it sure counts with IADC. IADC is the only organization that serves the needs of the drilling industry exclusively, and serves an invaluable function to advance our political, regulatory and HSE interests.

We enjoy one of the finest reputations of any trade association. Our insights and special knowledge are respected by regulators and politicians at local, national and



Lawrence R Dickerson, Chairman

global levels—from Austin and Baton Rouge to Washington and Aberdeen, Brussels and Bombay.

This work pays off immensely for our companies, our customers, which translates into safer, more efficient and environmentally benign energy production. That benefits everyone.

Just within the last few weeks, for instance, IADC and its allies went a long way toward defusing an effort by the **US Internal Revenue Service** to remove a long standing tax exemption on diesel fuel for mobile land rigs. By redefining the definition of a “highway vehicle,” IRS would effectively have imposed a new fuel levy on trailer-mounted drilling rigs when rigged up at a site, i.e., most of the time. This would have increased costs by \$3,000-\$5,000 per rig per year. In an era of declining US oil and gas production, such a tax is a significant cost increase to the operator and a disincentive to drill.

Taxing fuel was not enough. The regulation would also have imposed a 12% excise tax on new mobile rigs. That amounts to a big bite for any company looking to replace old trailer rigs with new.

So far, we have achieved a postponement and forced the issue to a public hearing in Washington (23 February). IRS had sought to finesse the change with only written comments.

This is just one example of IADC's work.

However, for our association to remain strong, reliable and well-respected, we the members must take an active role. Given the consolidated demographics of our industry, this is truer than ever. The contractor membership of IADC is a quarter of its size 20 years ago. The involvement of us survivors is therefore more important than ever.

I ask you to look around your companies to see who is par-

ticipating in IADC. Encourage younger employees to get involved with IADC, as well. Yes, IADC represents a time commitment. But the time one spends working on IADC projects will pay off for their company, for them personally, and for our entire industry.

It is my honor to serve this year as your chairman. I look forward to visiting with you in the months ahead. ■

From the President

## THE CASE FOR COOPERATION

**THE SOON TO BE** released Northwest European Safety Case is a profound statement for promoting cooperation between industry and the regulators.

Each national sector of the North Sea Continental Shelf has its own HSE Case regime. Each pursues the same goal: safe and pollution free oil and gas exploration. The problem for drilling contractors, however, is that when MODU's cross national boundaries, the differences in various coastal state regulations can be not only confusing, but also costly without necessarily improving efficiency or safety in drilling operations.

The North Sea Offshore Authorities Forum (NSOAF) indicated to industry a desire to work toward a more consistent HSE Case in the North Sea. The leadership of the IADC North Sea Chapter responded by assuming responsibility to undertake the needed research and develop a template that would lead to the integrative documentation identified as the “Northwest European HSE Case for MODUs”.

This template should lead to substantial savings to drilling contractors in the cost of Safety Case preparation and documentation, elimination of unnecessary or redundant expenditures often associated with rig moves across national boundaries, and improved safety and efficiency of rig operations. For regulators, it should offer savings in administrative resources associated with Safety Case review and administration, improve national sector market availability for hydrocarbon exploration by facilitating rig mobility, and experience improved safety and environmental performance.

The Northwest European Safety Case will have a formal unveiling during the upcoming IADC/SPE Drilling Conference in Amsterdam, 20 February 2003. Representatives from drilling contractor, operator, consulting and regulatory agencies will be present to herald this significant event. Congratulations to the IADC North Sea Chapter for its innovation and leadership in accepting responsibility and taking action leading to this achievement.

Not only have they developed a better Safety Case regime for all companies working in the North Sea, they have offered up an excellent case for cooperation between industry and government regulatory authorities. ■



Lee Hunt, President